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CLERK U.S. DISTRICT COURT
WESTERN DISTRICT OF TEXAS

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UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

UNITED STATES OF AMERICA,	§	
	§	No. 1:16-CR-
Plaintiff	§	
	§	**INDICTMENT** A16 CR 023 SS
v.	§	
	§	VIOLATIONS:
ROBERT ALLEN HELMS (1)	§	18 U.S.C. § 371 – Conspiracy
and	§	18 U.S.C. § 1343 – Wire Fraud
JANNIECE S. KAELIN, (2)	§	15 U.S.C. §§ 78j(b) and 78ff, and
	§	17 C.F.R. § 240.10b-5 – Securities Fraud
Defendants	§	

THE GRAND JURY CHARGES:

Introduction

1. Beginning in or about January 2010 and continuing until in or about December 2013 ("the Relevant Period"), in the Austin Division of the Western District of Texas and elsewhere, the Defendants,

ROBERT ALLEN HELMS
and
JANNIECE S. KAELIN

("the Defendants") conspired together to commit, and did commit, the offenses of wire fraud and securities fraud when they devised and executed a scheme and artifice to defraud investors in Vendetta Royalty Partners, Ltd. ("Vendetta"), Iron Rock Royalty Partners, LP ("Iron Rock"), and other ventures that were supposed to earn money by investing in oil, gas, other minerals, and related royalties. The Defendants defrauded the investors by misrepresenting their qualifications and experience, by misrepresenting and omitting material facts about the ways in which they had used and would use investors' funds, and by paying to investors, purportedly as investment returns, money that actually came from other investors rather than from business operations.

The Defendants unjustly and illegally enriched themselves through this fraudulent scheme and conspiracy by receiving compensation under false pretenses and by secretly using investor money to pay their personal expenses and the expenses of their relatives, friends, and business associates.

Background

2. At all times during the Relevant Period, the following matters were true:

a. Oil, gas and other minerals under land ("minerals") were property that one could buy, sell, and own;

b. An owner of minerals could sell, in the form of an oil and gas lease, the right to extract and produce the minerals;

c. When selling an oil and gas lease, a mineral owner could and usually would reserve a fractional share of any minerals that the holder of the lease might produce;

d. The mineral owner would then be entitled to receive that fractional share of any minerals that might be produced, or the monetary value of those minerals;

e. The reserved fractional share was called a royalty; and

f. A royalty was a property interest that one could buy, sell, and own.

Manner and Means

3. The Defendants, acting both personally and by and through each other and other persons known and unknown to the Grand Jury, carried out the scheme and conspiracy in the following manner and by the following means:

a. The Defendants would and did form business entities, including Vendetta and Iron Rock, ostensibly for the purpose of investing in minerals and royalties and earning a profit from those investments;

b. The Defendants would and did maintain an office on Cameron Road in Austin, Texas in the Western District of Texas, at which many of the acts and transactions alleged in this Indictment occurred;

c. The Defendants would and did raise millions of dollars from investors by various means, including selling securities in the form of limited partnership interests in Vendetta and Iron Rock;

d. In order to obtain money from investors, the Defendants would and did communicate with potential investors both orally and in writing, in face-to-face meetings, and by means and instrumentalities of interstate commerce such as mail, express couriers, telephone, and electronic mail;

e. In order to obtain money from investors, the Defendants would and did employ sales agents who worked on behalf of the Defendants to raise money, including by selling securities in the form of limited partnership interests in Vendetta and Iron Rock;

f. Both personally and by and through sales agents, the Defendants would and did deceive investors and potential investors, and fraudulently induce them to invest money or leave it invested with the Defendants, by misrepresenting material facts, including but not limited to the following:

i. The Defendants would and did represent that they possessed certain experience and expertise related to investing in minerals and royalties, when in fact, as the Defendants then and there well knew, their actual experience and expertise were not what they represented;

ii. The Defendants would and did represent that they intended and expected to use a certain percentage of the investors' money to purchase minerals and royalties, when in fact, as the Defendants then and there well knew, they intended to spend a substantially smaller percentage of the money on minerals and royalties while using a substantial part of the investors' money for purposes that the investors did not authorize or even know about, including payment of purported investment returns to other investors, and payment of personal expenses for the Defendants and their family, friends, and business associates; and

iii. The Defendants would and did represent that they had purchased certain assets or were in the process of purchasing them, when in fact, as the Defendants then and there well knew, they had not purchased those assets and were not in the process of purchasing them;

g. Material facts that the Defendants represented to investors and potential investors, both personally and by and through sales agents, were false and misleading because the Defendants would and did omit material facts. For example, when the Defendants made promises about their use of investor funds, they would and did omit to state that they had made the same promises to other investors and then used those investors' funds for purposes that the investors did not authorize or even know about, including the payment of purported investment returns to other investors, and payment of personal expenses for the Defendants and their family, friends, and business associates;

h. The Defendants would and did forge and falsify documents to create the false appearance that they had carried out certain business activities that they then and there well knew they had not carried out;

i. The Defendants would and did forge and falsify documents to create the false appearance that an engineering firm had audited and agreed with a particular estimate of the value of Vendetta's assets, when the Defendants then and there well knew that no such audit had occurred;

j. The Defendants would and did receive investors' funds through means and instrumentalities of interstate commerce, including wire transfers and checks drawn on federally regulated banks;

k. The Defendants would and did deposit investors' funds into, and withdraw and expend investors' funds from, accounts that the Defendants controlled, which were held in the Defendants' names and in the names of entities that the Defendants controlled;

l. The Defendants would and did cause funds to be transferred to, withdrawn from, and deposited into various accounts in order to create the appearance of business operations and revenue that the Defendants then and there well knew did not exist;

m. The Defendants would and did cause funds to be paid to investors, ostensibly as returns on investment, when the Defendants then and there well knew that the funds came from other investors rather than from business operations; and

n. The Defendants would and did, secretly and without authorization, take and spend money entrusted to them by investors for purposes that the investors neither approved nor knew about, and that were unrelated to the businesses in which the investors believed they were investing, including but not limited to college tuition and other educational costs; mortgage payments; meals at restaurants; and one or more vacations.

COUNT ONE
[Conspiracy in Violation of 18 U.S.C. § 371]

4. Count One incorporates by reference, as if fully set forth herein, the Introduction, Background, and Manner and Means sections above, as well as Counts Two through Eight below.

5. Beginning in or about January 2010 and continuing until in or about December 2013, in the Austin Division of the Western District of Texas and elsewhere, the Defendants,

ROBERT ALLEN HELMS
and
JANNIECE S. KAELIN

("the Defendants") knowingly and willfully conspired and agreed together and with each other to commit offenses against the United States of America, specifically wire fraud as alleged in Count Two below, and securities fraud as alleged in Counts Three through Eight below.

Object of the Conspiracy

6. The object of the conspiracy for the Defendants to enrich themselves unjustly and illegally by receiving compensation under false pretenses and by using investor money, secretly and without authorization, to pay their personal expenses and the expenses of their relatives, friends, and business associates.

Overt Acts in Furtherance of the Conspiracy

7. In furtherance of the conspiracy and to achieve the objects of the conspiracy, the Defendants, acting both personally and by and through each other, committed the following overt acts in the Austin Division of the Western District of Texas and elsewhere:

a. As alleged in Count Two below, the Defendants used interstate wire communications for the purpose of executing their scheme and artifice to defraud;

b. As alleged in Counts Three through Eight below, the Defendants fraudulently sold securities to investors;

c. In or about November and December 2011 and February 2012, the Defendants caused approximately $2 million to be paid by Vendetta to W.B., a person known to the Grand Jury; then transferred to accounts in the name of Haley Oil Company, an entity that the Defendants controlled; and then transferred back to accounts held by Vendetta, in order to create the false appearance that Vendetta had received revenue from one or more transactions with Haley Oil Company;

d. On or about January 9, 2012, in order to obtain funds from investor R.G., Helms transmitted by electronic mail to Midland IRA certain Vendetta offering materials, including a forged and counterfeit letter that purported to state that Vendetta's royalty and mineral interests were worth more than $26 million; and

e. On or about January 9, 2012, in order to obtain funds from investor L.R., Helms transmitted by electronic mail to First Trust Company of Onaga certain Vendetta offering materials, including a forged and counterfeit letter that purported to state that Vendetta's royalty and mineral interests were worth more than $26 million.

All in violation of 18 U.S.C. § 371.

COUNT TWO
[Wire Fraud in Violation of 18 U.S.C. § 1343]

8. Count Two incorporates by reference, as if fully set forth herein, the Introduction, Background, and Manner and Means sections above.

9. On or about June 13, 2011, in the Austin Division of the Western District of Texas and elsewhere, the Defendants,

ROBERT ALLEN HELMS
and
JANNIECE S. KAELIN

("the Defendants"), with intent to defraud investor R.H., having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, the manner and means of which are set out in the Manner and Means section above, for the purpose of executing the scheme and artifice, transmitted and caused to be transmitted by means of wire, radio and television communication in interstate and foreign commerce certain writings, signs, signals, pictures, and sounds, specifically an electronic mail message from jskaelin@austin.rr.com to investor R.H. and his associate, D.B., containing information about purported mineral and royalty investments.

In violation of 18 U.S.C. § 1343.

COUNTS THREE through EIGHT
[Securities Fraud in Violation of
15 U.S.C. §§ 78j(b) and 78ff, and 15 C.F.R. § 240.10b-5]

10. Counts Three through Eight incorporate by reference, as if fully set forth herein, the Introduction, Background, and Manner and Means sections above.

11. Limited partnership interests in Vendetta Royalty Partners LP and Iron Rock Royalty Partners LP were securities, as defined by the securities laws of the United States. Specifically, those limited partnership interests were investment contracts, because the investors invested money in a common enterprise and were led to expect profits solely from the efforts of the Defendants and persons associated with the Defendants.

12. As to each of Counts Three through Eight below, in the Austin Division of the Western District of Texas and elsewhere, the Defendants,

ROBERT ALLEN HELMS
and
JANNIECE S. KAELIN

("the Defendants"), acting both directly and by and through each other and by and through persons known and unknown to the Grand Jury, willfully, knowingly, and with intent to defraud, by use of the mails and means and instrumentalities of interstate commerce, directly and indirectly, in connection with sales of interests in limited partnerships described below:

- employed devices, schemes and artifices to defraud;
- made untrue statements of material facts and omitted to state material facts that were necessary in order to make statements that were made not misleading in light of the circumstances under which the statements were made; and
- engaged in acts, practices and courses of business that operated and would operate as a fraud and deceit on a person,

all as alleged in the Introduction, Background, and Manner and Means sections above, which are incorporated herein by reference.

13. As to each of Counts Three through Eight below, the Defendants, acting both directly and by and through each other and by and through persons known and unknown to the Grand Jury, sold interests in the limited partnerships stated below on the dates stated below to the investors indicated by their initials.

Count	Date	Investor(s)	Limited Partnership
Three	August 26, 2011	R.S. and T.S.	Vendetta Royalty Partners LP
Four	October 11, 2011	C.L.	Vendetta Royalty Partners LP
Five	November 9, 2011	W.S.	Vendetta Royalty Partners LP
Six	January 19, 2012	R.G.	Vendetta Royalty Partners LP
Seven	January 31, 2012	L.R.	Vendetta Royalty Partners LP
Eight	June 27, 2013	R.P.	Iron Rock Royalty Partners LP

Each in violation of 15 U.S.C. §§ 78j(b) and 78ff, and 15 C.F.R. § 240.10b-5.

A TRUE BILL

SIGNATURE REDACTED PURSUANT TO E-GOVERNMENT ACT OF 2002

FOREPERSON OF THE GRAND JURY

RICHARD L. DURBIN, JR.
United States Attorney

By:

ALAN M. BUIE
Assistant United States Attorney